

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Alpine Banks of Colorado / Alpine Bank

Point of Contact:	Eric A. Gardey	RSSD: (For Bank Holding Companies)	1061679
UST Sequence Number:	885	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	70,000,000	FDIC Certificate Number: (For Depository Institutions)	23091
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	March 27, 2009	City:	Glenwood Springs
Date Repaid <sup>1</sup> :	N/A	State:	Colorado

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Our loan portfolio has continued to decrease in 2010 as we have had CPP funds. However, given regulatory pressure to increase capital levels in all banks, it has fallen much less than it otherwise would have needed to.

☐ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☒ Increase reserves for non-performing assets.

During the 2010 calendar year while we have had CPP funds, our Allowance for Loan and Lease Losses has increased by \$29.674 million. The CPP funding contributed to our ability to fund this increase.

☐ Reduce borrowings.

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☒ **Increase charge-offs.**

Our local economy has been under pressure in the last year. This, inevitably has led to increased loan charge-offs in the banking industry. The CPP funding has helped us to absorb these losses while maintaining very robust capital levels.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☒ **Held as non-leveraged increase to total capital.**

The majority of the funds we received from CPP are being held as increased capital in order to fortify our balance sheet for an economic recession that has yet to end in our local markets.

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Alpine Bank has not stopped lending during the current economic recession. We are still able to fund loans for qualified, credit worthy borrowers. Loan demand, however, has decreased significantly. The result is that new loans are not being booked at a rate necessary to replace loans being paid off. Thus, you see a reduction in our total loans outstanding. The capital infusion we received from CPP funds has been crucial in our ability to continue meeting the credit needs of our communities. Given the regulatory demands for ever higher capital levels in banks, Alpine Bank would not have been able to meet all of these needs without the CPP funding.

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Alpine Bank was able to initiate the following programs in 2010 as a result of receiving funds from the CPP: Owner Occupied Commercial Real Estate Lending - Alpine Bank undertook new lending programs in the area of owner occupied commercial real estate. The program allows owner/users to purchase or refinance commercial buildings for use with their own businesses. The program will allow qualified borrowers to obtain fixed rate funding of up to seven years. We also have been able to continue on with programs initiated in 2009 because of the CPP funding such as: Student loans, Small Business loans, Owner Occupied Single Family Home loans, Lot Sale Incentive Program.

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**Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.**

During the current economic recession, Alpine Bank has not curtailed its position as a leader in our communities. Alpine Bank personnel continue to be leaders in community organizations, projects and causes. The company has historically given millions to community non-profit organizations. Alpine Bank has not curtailed this giving during these rough economic times when communities need the help more than ever. The receipt of CPP funds has assisted us in keeping this high level of community support alive.